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Signature Event

Jeremy Allaire

Speaker

Jeremy Allaire
Co-Founder, Chief Executive Officer, and Chairman
Circle

Interviewer
David M. Rubenstein
Chairman
The Economic Club of Washington, D.C.

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DAVID M. RUBENSTEIN: Thank you very much. We're honored to have Jeremy, who is the cofounder and the chairman and the CEO of Circle. So, for those people that don't know what a stablecoin is or what Circle does, in, you know, one paragraph, what is a stablecoin and what does Circle actually do with stablecoins?

MR. ALLAIRE: So, the good news is we now have a law that defines what a stablecoin is in the United States. So, I'll use that definition.

MR. RUBENSTEIN: OK.

MR. ALLAIRE: A payment stablecoin is a digital currency that is issued on the internet, on a blockchain, that is backed completely one-for-one by high quality, safe, liquid assets. So, U.S. government treasury bills and cash. And, by issuing it on these networks, it allows these digital dollars to be used on the internet, just like we can use any form of data and information as well. So, it is a form of digital currency dollars that are – that is fully backed and held.

And it's called a stablecoin because, of course, historically cryptocurrencies were not stable and volatile, and that's really where the name came from. But that is essentially the statutory definition today. And Circle, we operate an internet platform across a whole range of technologies, but the core franchise is we run the largest regulated stablecoin network in the world, for handling stablecoins and storing and moving them all around the internet.

MR. RUBENSTEIN: Well, why do I need a stablecoin? I've been using banks for years. [Laughter.] What's wrong with my banks? If I want to send money to Istanbul, I just tell the bank to wire the money. What's wrong with that system?

MR. ALLAIRE: Well, if you talk to anyone who's trying to move money to Istanbul, it actually turns out it's very time consuming, very slow, there's a lot of barriers, there tends to be excessive fees, sometimes it gets lost. And in fact, Turkey is a great example because in Turkey there's extraordinary demand for USDC and stablecoins right now because, in a place like Turkey, people want dollars. They don't want lira. They want digital dollars that they can just use from their mobile phones, that they can – just like you can make a peer-to-peer phone call with someone, it doesn't cost you anything, people and businesses have figured out in Turkey, just as one example, that they can transact with each other directly without an intermediary instantly with virtually no cost.

And so, it's actually becoming a substitute for banking. And, in fact, the nice thing about stablecoins, especially well-regulated, well-run stablecoins, is they're very safe because they don't actually lend the money or take risk with the money. They just are holding it in these ultra-safe instruments. So, holders of these are saying, wow, this is a super safe digital dollar that I can use, just like I can use WhatsApp, or use, like, the internet as a whole.

MR. RUBENSTEIN: OK. Well, it's such a great idea, how come everybody isn't doing it? How come you don't have a thousand competitors?

MR. ALLAIRE: Well, historically there actually have been hundreds of companies that have launched stablecoins, and hundreds of these have launched and are, you know, as one of my colleagues says, stable in name only. And it's only very recently, just the past couple of years, that there have been regulations on this. We've advocated for regulations from day one. But the regulations have come into effect. And in particular in the United States, but in Japan and Hong Kong and Europe and all over the world there's regulations on this. But once you – once you have that regulatory clarity, then there's sort of an open, free, competitive market. And so there are a lot more companies getting involved in this now. And so, we're going to have – we already have more competition. There's going to be a lot more competition.

MR. RUBENSTEIN: Ten years from today, will banks be around to wire money anywhere? Will your system take over what banks do today?

MR. ALLAIRE: Well, it's – I actually think about it a lot like I think about other services on the internet, right? We still have people who get digital cable or digital satellite, but we have a lot of people who just, you know, cut the cord and just use streaming services. Or there's still people who use plain old telephone connections, except for Verizon sometimes – [laughter] – and but –

MR. RUBENSTEIN: Just the last two days. [Laughter.]

MR. ALLAIRE: I don't know if there's – can you hear me now? [Laughter.] Sorry. Sorry. Too easy. But there's a lot of us that just use, you know, FaceTime, and WhatsApp, and all these things. And so, over a 10-year period, software utilities that are built entirely on an open internet infrastructure, on the public internet with software, are going to exist and likely be as large or larger than the biggest banks in the world. But those banks – many of these banks will also figure out, hey, I can build on this technology too, just like media companies have made that move, or communications companies have gotten involved in the internet as well.

MR. RUBENSTEIN: Well, where did the name Circle come from? Why do you use Circle?

MR. ALLAIRE: Well, it's hard to pick a name. It's very challenging. And we wanted a name that was a real word. We wanted a name that could kind of be universally recognizable anywhere in the world or anywhere in the universe. It's a shape. It's everywhere in the universe.

MR. RUBENSTEIN: And that name wasn't taken, out of all the companies in the world?

MR. ALLAIRE: Well, so here's the thing, is that when you're searching – [laughter] – if anyone here has probably started a company or a project and tried to get a domain name knows it's really hard. And also, if – more important than the domain name is what happens when you type that word into Google? What happens? And, you know, the best names are ones where when you type that name into Google, you are confident that it can be the first search result. Well, how do you know – how do you know you can get it to be the first search result?

MR. RUBENSTEIN: Circle.com wasn't taken?

MR. ALLAIRE: So Circle.com was not taken, but it was parked. Meaning someone owned it, and they didn't – they didn't want to do anything with it. We tried to buy it from them and they wouldn't sell it. Until one day, two days before we debuted the company, we were about to debut the company and we didn't have a name, and it was very terrifying. [Laughter.] It was very terrifying. And if I told you the name that we were going to be, it's not great. [Laughter.] You have to wait to read the book. [Laughter.]

But we were dying to get this. And all of a sudden, the broker called back and said they want to sell it. We're like, what do you mean they want to sell it? They said, well, they want to sell it because there's an auction. Meaning another one – someone else wants to buy it at the same time. And so, you know, we got into this auction to buy it. And I used about 5 percent of my series A capital to buy the name.

MR. RUBENSTEIN: Five percent of your series A capital?

MR. ALLAIRE: Five percent of my series A capital.

MR. RUBENSTEIN: What's that worth today?

MR. ALLAIRE: It's a very good brand. [Laughter.]

MR. RUBENSTEIN: Wow. Five percent.

MR. ALLAIRE: Very good brand. We like our brand.

MR. RUBENSTEIN: OK. So, let's go back. [Laughter.] By the way, you went public last year, is that right?

MR. ALLAIRE: Yes.

MR. RUBENSTEIN: And your underwriters priced it at $31 a share, is that right?

MR. ALLAIRE: That's right.

MR. RUBENSTEIN: And at the end of the day, what was the stock price?

MR. ALLAIRE: It was around $80.

MR. RUBENSTEIN: And did you think maybe they had underpriced it, and you'd left a lot of money on the table?

MR. ALLAIRE: So, I don't know that that's the case. I mean, here's the thing. When you're doing an IPO, as you know, you're trying to do a couple things. You're trying to get as broad of a base of investors involved as you can, especially major investors. We did that. We had a deal that we actually started with a price, we upsized the price multiple times, and then we priced yet again above that. We increased the size of the deal significantly. So, we grew the capacity of it

all the way throughout that. So, we had all of these things that were happening. And then the deal was 25 times oversubscribed on roughly a billion, so $25 billion of demand.

And so that – we knew we had a great investor base, but it was really hard to know, you know, what that was going to do in the market. There hadn't been a lot of IPOs. In fact, we were, like, the first major IPO. The IPOs that had come hadn't been these spectacular things. So, it was hard to know. And I think the thing that is – in our case, is, you know, there aren't many companies like this. And so, I think, you know, there ended up being a lot of individuals and family offices and others that wanted to own stock. And obviously that that performed very well.

MR. RUBENSTEIN: All right. So you priced at $31. And the first day afterwards it ends at about $79, or so?

MR. ALLAIRE: $80.

MR. RUBENSTEIN: $80, OK. It went up to $298.

MR. ALLAIRE: Yes.

MR. RUBENSTEIN: Didn't you feel then maybe it had been underpriced? [Laughter.]

MR. ALLAIRE: What I would say – [laughter] – is that it's very difficult to view the short-term stock price performance when you have a supply-demand mismatch. Meaning, you know, the vast majority of the stock of the company, of course, was not tradable. We didn't have a huge offering in terms of percentage of stock.

MR. RUBENSTEIN: Who were your lead underwriters, by the way? [Laughter.]

MR. ALLAIRE: JP Morgan, Citi, and Goldman.

MR. RUBENSTEIN: Ah. And so, you were happy? [Laughter.]

MR. ALLAIRE: I think we had a – well, I think we had a very successful IPO.

MR. RUBENSTEIN: OK. OK. So – [laughter] – all right. And the company is now – has a market capitalization today of about, what, $20-some billion?

MR. ALLAIRE: Around there, yeah.

MR. RUBENSTEIN: $20 billion. That's pretty good. And you own about 10 percent of the company?

MR. ALLAIRE: Close to that, yeah.

MR. RUBENSTEIN: So, you're happy guy. [Laughter.]

MR. ALLAIRE: I've been building the company for 12 ½ years. It's been a very long journey to build it. And a company that very few people believed could achieve what it has. So, I feel great about what we've been able to build. What I would say though, and it relates to the IPO as well, is what's motivating to me is that, you know, we're actually an early-stage company. This is super early in terms of what we envision being possible and what we can build. And so, while the numbers or this or that are interesting or compelling for different reasons, what's exciting to me is that, you know, by becoming a publicly held institution the general public can participate in how we build this company over the long run. And, you know, the law that even made what we do kind of enshrined in federal law and part of the global financial system just passed, and it's not even in effect. So, we're in the early days of this. And so that's really motivating to me, is what we can accomplish still.

MR. RUBENSTEIN: What year did you start the company?

MR. ALLAIRE: In 2013.

MR. RUBENSTEIN: And who gave you your initial capital?

MR. ALLAIRE: So, our original investors were General Catalyst, Jim Breyer, and Accel, were the kind of founding investors.

MR. RUBENSTEIN: And they made on their money?

MR. ALLAIRE: They did well. [Laughter.]

MR. RUBENSTEIN: Well, wow, OK. But let's go back and talk about your background for a moment. Where were you born?

MR. ALLAIRE: I was born in Philadelphia in 1971. Giving my age.

MR. RUBENSTEIN: OK. And then your family moved from there?

MR. ALLAIRE: We did. We moved when I was around 11 years old to a small town in Minnesota – Winona, Minnesota, southeastern Minnesota.

MR. RUBENSTEIN: Well, Philadelphia to Minnesota, that doesn't happen a lot. So, what was – what were your parents doing?

MR. ALLAIRE: So, my parents in Philly were involved in social services and some health research and things. But it was a family move, meaning, you know, one of my parents' parents had died, another needed support. And I think we were – we were in – sort of in the city in Philly, in Germantown. And I think our parents sort of thought, you know, we'll go – you know, we'll go to this wholesome place in Minnesota, and we'll raise the kids –

MR. RUBENSTEIN: Have you read about Minnesota lately, or? [Laughter.] It's complicated. When you were growing up it was – I guess it was wholesome then, right? [Laughter.] OK. So Allaire, is that – is that a French kind of name?

MR. ALLAIRE: Yes.

MR. RUBENSTEIN: So, your ancestors are French or?

MR. ALLAIRE: Somewhere along the line, yeah.

MR. RUBENSTEIN: OK. Right. So, you move to Minnesota. And you have a brother?

MR. ALLAIRE: My brother? Yes, I have a brother.

MR. RUBENSTEIN: OK, and –

MR. ALLAIRE: He's actually here today.

MR. RUBENSTEIN: Where is he? Oh, there he is. OK. [Applause.] Well, I see he's got the same hairline you have, right? [Laughter.] OK. OK. All right. So, you moved to Minnesota. And then were you a good student in school?

MR. ALLAIRE: Yeah, I think so.

MR. RUBENSTEIN: And so, were you a good athlete too?

MR. ALLAIRE: I was a fine athlete, but then I didn't really keep it up.

MR. RUBENSTEIN: That's what I say too. [Laughter.]

MR. ALLAIRE: Yeah. No, no, it's true. It's true. I was more interested in debate and Model United Nations, and government.

MR. RUBENSTEIN: OK. So, you did well in high school, I assume. And then where did you go to college?

MR. ALLAIRE: I went to Macalester College in the Twin Cities.

MR. RUBENSTEIN: OK. Walter Mondale's school.

MR. ALLAIRE: Walter Mondale, Kofi Annan, yeah.

MR. RUBENSTEIN: Kofi Annan, Walter Mondale, and you. OK, you're more famous than those guys now. [Laughter.] OK. All right. So, after you graduated, what did you do?

MR. ALLAIRE: So, when I graduated it was 1993. And I thought I would get a job in policy work, because I did political science and philosophy. And there wasn't really easily accessible policy work. But while I was in college I had become really obsessed with the internet, in precommercial internet days, starting in, like, 1990. Got really excited about it. And shortly after graduating college I just said, you know, what? Like, this is going to be the future. And I'm an internet consultant. So, I decided I'm an internet consultant.

MR. RUBENSTEIN: What did your parents say?

MR. ALLAIRE: They said I was – my dad was very concerned. [Laughter.] He was very concerned.

MR. RUBENSTEIN: An internet consultant in 1990, there wasn't much of the internet, was there?

MR. ALLAIRE: I mean, there was Gopher.

MR. RUBENSTEIN: OK.

MR. ALLAIRE: Do you remember Gopher?

MR. RUBENSTEIN: All right. So, as a consultant, did you have any clients?

MR. ALLAIRE: I did. So, I started – I started working with – I got connected into marketing agencies, some, like, PC firms, others, basically who wanted to – and this was in 1993 – the very first web browser – the very first graphical web browser came out in 1993. And I got really excited that, wow, this is going to reshape how communications, and media, and software works. And so, I just said, everyone needs to build on the web. And so, I started creating web stuff.

MR. RUBENSTEIN: Did you had clients that would –

MR. ALLAIRE: I did. They would pay me by the hour.

MR. RUBENSTEIN: By the hour?

MR. ALLAIRE: Yes.

MR. RUBENSTEIN: OK. And did you know Steve Case then, or?

MR. ALLAIRE: I of course knew Steve Case. But I didn't know personally until much later, when he invested in my next company.

MR. RUBENSTEIN: Really? OK. So, you started a company – another company after the internet consulting company?

MR. ALLAIRE: Yes.

MR. RUBENSTEIN: And what was that cleverly named?

MR. ALLAIRE: Well, so that was actually a name chosen by my brother, called Allaire Corporation. [Laughter.]

MR. RUBENSTEIN: Allaire Corporation.

MR. ALLAIRE: Yes.

MR. RUBENSTEIN: Was it hard to get that name? [Laughter.]

MR. ALLAIRE: I think we still have the domain name. We bought it from Adobe, who ended up owning the company and its assets.

MR. RUBENSTEIN: OK. All right. So, you started Allaire Corporation, or company. What did it do?

MR. ALLAIRE: So Allaire built some of the very first software products to create interactive applications on the web. So, in 1994-1995 the idea was, hey, instead of building software that gets put on a personal computer, you could build software that is distributed through a web browser. And the first product, called ColdFusion, created a very simple way for someone who is not that technical to create software programs that ran on the web.

MR. RUBENSTEIN: And you – and was it – were you still living in Minnesota?

MR. ALLAIRE: Yeah, in the Twin Cities.

MR. RUBENSTEIN: Did anybody tell you that probably wasn't the center of the internet world at the time?

MR. ALLAIRE: Well, our venture capital investors, in fact, said, you got to move.

MR. RUBENSTEIN: So, did you actually move at some point?

MR. ALLAIRE: We did. And, as the story goes, my brother and other colleagues were signing a lease in Silicon Valley, in Menlo Park, to move the company there because that was where the internet was going to happen. But the venture capital firm, which was a startup VC at the time, Polaris Venture Partners, said – you know, all their – all their kind of contacts were out on the East Coast and in the Boston area. And so, we actually said, well, you know what? We'll go to Boston. We had East Coast heritage, as, you know, some of the founders, my brother and I. And we thought, you know, building a company – a tech, software company there will sort of be easier than being crowded out in a place like Silicon Valley.

MR. RUBENSTEIN: OK. So, you moved to Boston.

MR. ALLAIRE: Yes.

MR. RUBENSTEIN: How big did the company become?

MR. ALLAIRE: So that company grew to over $100 million in revenue. Went public in early 1999. Was a successful public company.

MR. RUBENSTEIN: What kind of market value did it have?

MR. ALLAIRE: I mean, I think at its peak it had a couple-billion-dollar market cap. But that was 1999 style, you know, where everything was incredibly valuable. But, you know, I think, you know, like a lot of internet – software and internet businesses in 2000 and then in 2001, obviously, that all – those valuations changed, et cetera.

MR. RUBENSTEIN: So, when the great internet bubble burst occurred in '98, '99, 2000, what happened to your company?

MR. ALLAIRE: So, well, we had a – we had a great franchise. Meaning we had an incredibly loyal customer base and, over time, literally millions of developers used our software to build websites and applications. And we decided to merge with another internet software company, called Macromedia, that made some of the most popular tools for building the web and building content on the web. And we merged the companies together, two public companies.

MR. RUBENSTEIN: And what was it then called, Allaire Macromedia?

MR. ALLAIRE: Well, that was just Macromedia. Effectively, they acquired it.

MR. RUBENSTEIN: So, you gave up the Allaire name.

MR. ALLAIRE: Yes.

MR. RUBENSTEIN: OK. And how long did you stay at Macromedia?

MR. ALLAIRE: For about two years.

MR. RUBENSTEIN: Really? OK. And then when you left, what did you do next?

MR. ALLAIRE: Well, so while I was at Macromedia I was the chief technology officer. And we released into the market a technology called Flash. You all – many of you probably remember Flash player. You couldn't use the internet without using Flash player. [Scattered applause.] Thank you. [Laughter.] All right. A lot of people are not thankful about Flash because it took over your screen and it was, like, all this stuff. But it – we actually, in 2002, put the best video technology that the internet had ever seen into Flash. And within a year, every computer in the world – 98 percent of computers in the world could play back video more smoothly.

And I got very excited about this. And I got excited that there's going to be a video publishing revolution, and that every person, every business, every media company could be transformed. And, essentially, television would move to the internet. And so, this was in 2002 and 2003. I left and then went as an entrepreneur in residence at General Catalyst –

MR. RUBENSTEIN: Which is a venture capital firm.

MR. ALLAIRE: Venture capital firm in Cambridge at the time. And they were a startup VC really then. And incubated this idea and then founded it officially in 2004.

MR. RUBENSTEIN: That company was?

MR. ALLAIRE: Brightcove.

MR. RUBENSTEIN: All right. So, what happened at Brightcove?

MR. ALLAIRE: Brightcove grew over the next half a decade. We had a successful IPO in 2012. And the company powered many of the television and media streaming infrastructures for a lot of media companies, major brands, and others.

MR. RUBENSTEIN: So, you took two companies public. That's a lot. And so, has Brightcove now been bought by somebody else, or?

MR. ALLAIRE: It has been. It's a private equity firm. Took it private.

MR. RUBENSTEIN: OK. So, after that company was bought, or sold –

MR. ALLAIRE: So, I took Brightcove public in early 2012. And I got immersed in this whole technology of crypto later in 2012. And then I stepped down as CEO in the beginning of 2013. And then I started Circle in 2013, because I was convinced that this was going –

MR. RUBENSTEIN: And to get Circle off the ground, it took how much capital? $10 million, $15, $20?

MR. ALLAIRE: Yeah, I mean, in the first couple of years we raised around, you know, $25 million.

MR. RUBENSTEIN: And did people know what a stablecoin was in those days?

MR. ALLAIRE: Well, there was no such thing as a stablecoin then. But when we started the company what we explained was that – we basically said, this new technology, cryptocurrency, blockchains, was going to make it possible to build a way to put dollars on the internet and have sort of dollar digital currencies that run over – in the same way that we have protocols for how information moves around – like the web protocols, or email protocols, or voice protocols, and all these things – there are going to be these new protocols for money on the internet. And that will allow very safe forms of dollars to be operated that way. And that was the idea.

And you couldn't do it in 2013. Technologically, it was not possible to do. But my co-founder and I both had pretty good technical backgrounds. And we looked at kind of the state of the technology and could see how, within, we thought, a few years, like the technology would mature beyond bitcoin, which was really the first technology, and would open up this ability to build a protocol for dollars on the internet. And that that could be really transformative to the way that the entire financial system works.

MR. RUBENSTEIN: So, bitcoin was the first technology where a lot of people heard of blockchain for the first time. At least, the first time I heard of it. Did you know about blockchain technology before bitcoin?

MR. ALLAIRE: No, because they were intrinsically tied together, really.

MR. RUBENSTEIN: OK. And who do you think invented bitcoin? Any idea? [Laughter.] You don't know.

MR. ALLAIRE: I have no idea. I mean, there's good – there's good theories about it. You know, so, but –

MR. RUBENSTEIN: OK. All right. So eventually you build this company. And it becomes what it's become now. Did you have a hard time convincing people that this was going to work?

MR. ALLAIRE: Absolutely. I mean, the interesting thing – I've told this story – but, you know, when we started the company, we had some prominent investors. And at the time, if you did a search for this technology area it would be all about, you know, Silk Road and, you know, criminals using this stuff. And so, it was – it was very difficult to get anyone to take this seriously. I couldn't hire an auditor. I couldn't – you know, law firms will work for anyone, so I could get a law firm at least. [Laughter.] But I got a law firm. But I couldn't get an auditor. I couldn't get a bank account. I couldn't get insurance. So, it was – it was challenging. And I had taken two companies public, right? So, I knew a lot. And so, I think, you know, early on –

MR. RUBENSTEIN: You couldn't get my family office to invest. They turned it down.

MR. ALLAIRE: I know.

MR. RUBENSTEIN: I know. That was stupid. That guy's not with us anymore, but – [laughter] – OK. So, all right, so you're building the company. Today the company has – how many employees do you have today?

MR. ALLAIRE: We have about 1,150.

MR. RUBENSTEIN: And your company is based, where?

MR. ALLAIRE: Our global headquarters is in New York City.

MR. RUBENSTEIN: New York City. That's a low-cost place to operate, or? [Laughter.]

MR. ALLAIRE: Increasingly. [Laughter.] It's a great place for what we do.

MR. RUBENSTEIN: OK.

MR. ALLAIRE: So, I think we're on the 87th floor of One World Trade Center in Freedom Tower.

MR. RUBENSTEIN: So, you've now taken three companies public. So, are you going to go for a fourth? Or this is what you're going to do for a while?

MR. ALLAIRE: I'm pretty good with Circle. I think, as I like to say – and everyone who heard me talk about this – when I started the company, I told the early employees and the early board members and investors, this is, like, a 10 to 20 year thing to accomplish what we think we can accomplish. Let's say we're like, 10 years in right now. And now, when I look at where we are, where I look at where I kind of see the progression of this technology and the future impact, and I'm, like, there's another 10 to 20 years here. So, I think this is a – you know, I'm trying to build a very long-lasting institution. And I think it can be fundamental to changing not just the financial system, but the way the broader economic system works.

MR. RUBENSTEIN: Now, in the technology world everybody in the United States always says we have to worry about the Chinese. The Chinese are going to take our technology and improve it or do something different. Is there a Chinese company that's equivalent to Circle?

MR. ALLAIRE: There's not. And, in fact, what's interesting about this space is, for those that are familiar with kind of the early DNA of the internet, the internet has, you know, kind of open, accessible, permissionless, decentralized, open-source – like, these are, like, the fabric of what's given the internet so much of its strength. And, in fact, those ideas are – inherently come out of, I would call, the liberal Enlightenment. They're liberal Enlightenment ideals. And they're expressed in technology and software and protocols.

And I think that's intrinsic in blockchains as well. Those ideals are expressed there. And so, if you're a society that is fundamentally built around centralization, total control, you know, et cetera, and where, you know, privacy or freedom are not the highest ideals, you don't end up building things like this. And so, it hasn't emerged. But China has approached this very differently. They've sought to basically contain it, or control it, or ban it. And it's thrived in many other places. And, actually, I think a lot of Chinese do use this technology by bypassing the firewall.

MR. RUBENSTEIN: Why don't you call it Circlecoin rather than stablecoin?

MR. ALLAIRE: We didn't choose the name "stablecoin."

MR. RUBENSTEIN: OK.

MR. ALLAIRE: And, in fact, you don't see that word really very often in our vernacular.

MR. RUBENSTEIN: Is there, like, a Trump coin thing? Or does the Trump family have a stablecoin?

MR. ALLAIRE: [Laughs.] So, there is a company, World Liberty Financial, that I think the Trump organization's involves with.

MR. RUBENSTEIN: Does the same thing that your company does?

MR. ALLAIRE: I don't know that – I don't think they do the same thing that we do, but they're involved in –

MR. RUBENSTEIN: OK. Right. So, you're in, like, inning one. Now you've accepted – people have accepted the idea you can move value from one country to another very rapidly, maybe quicker than banks can. What is inning two and three? What are the next things you're going to do to build on this?

MR. ALLAIRE: Yeah. So, I think the kind of first order of business is how do we – how do we establish sort of very safe forms of money? Like what I call full reserve money, not fractional reserve money. So fully reserved forms of money on the internet, and make it a kind of – like, almost like we have, you know, audio files and image files and other forms of data, make that kind of a first-party form of data on the internet. So, we're getting there. And the idea behind this is this is general purpose, general architecture money.

And, as I like to say, USDC can be used to make a micropayment between two AI agents in a fraction of a second at a fraction of a cent. And it is being used that way. And it can also be used between two huge institutions to settle a billion-dollar transaction, and everything in between. And I think – so we're just getting to that point. And now enshrined in law that this can be utilized, whether it's in big, heavy things like capital markets, or in lending, or in payments. It can be used in all these different areas.

MR. RUBENSTEIN: To have a stablecoin, to make it stable, you need to have something behind it, which is, let's say, dollar reserves.

MR. ALLAIRE: That's right. So –

MR. RUBENSTEIN: Where do you get your dollars from?

MR. ALLAIRE: People give us their dollars.

MR. RUBENSTEIN: They give you dollars?

MR. ALLAIRE: Yes.

MR. RUBENSTEIN: And do you give them interest? Or what do you do?

MR. ALLAIRE: We do not pay interest. In fact, all around the world we're prohibited from paying interest.

MR. RUBENSTEIN: Wow. Did you support that legislation, or do you? [Laughter.] So, if somebody gives you a dollar, gives you $1,000, and they just keep it there and they're not getting any interest, why would they do that?

MR. ALLAIRE: Because stablecoins have huge utility in the world. So, individuals that want to transact and store value in an internet native way, this is an incredible utility. If you're in – if you're in, you know, Argentina, or you're in Turkey, or you're in Southeast Asia, you're a small business owner, you're an import-exporter, you're not focused on am I getting the risk-free rate from the treasury bills. You're focused on, you know, how can I utilize this money? How can I store value in a dollar form versus my local currency? People forget, there's $120 trillion of kind of M2 aggregate money today. About $60 trillion of that is either physical cash or the vast majority other than physical cash is non-interest-bearing demand deposits. So, you give your bank money, they keep all the interest, and they lend it out. And so, there's a huge amount of the monetary aggregates that exist today that is what I would broadly call store value, working capital, payment money. And that's really where stablecoin money fits.

MR. RUBENSTEIN: All right. Let's suppose I'm a big bank. And you're disintermediating me. Why don't I just – as a big bank, I'm worth, you know, a trillion dollars, or, let's say, something like that. Why don't I just buy your company? You're worth $20 billion. I'll give you a premium, put you out of business. Why wouldn't a bank do that?

MR. ALLAIRE: You have to talk to some bankers about that.

MR. RUBENSTEIN: Um –

MR. ALLAIRE: No. That's a joke. [Laughter.] That's a joke.

MR. RUBENSTEIN: Shouldn't they put them – you're going to put them out of business. Why don't they just buy you and stop you from doing this?

MR. ALLAIRE: Well, I think that it's an interesting moment where – my own view is that the business model of a lot of financial services is undergoing change already. Private credit's an example of that. You know all about that. Payments are going through a lot of change. They've been undergoing a lot of change. And it's accelerating now. So, the franchise of I charge a whole bunch for FX, for payments, or the franchise of, you know, I perform lending, all these are changing. And I think, you know, from my perspective, a lot of the ways that this happened will get rewritten as software on the internet, and get rewritten on these new computer networks, these blockchain networks. And I think, you know, there's the potential for very different types of companies. We are not a bank. We don't take risk on people's money. We really think of ourselves as an infrastructure and a platform.

MR. RUBENSTEIN: I understand. But suppose a bank said, you have a better mouse trap, but I don't want to ruin the mouse trap I already have. It's pretty profitable. So, they hire some of your people and replicate what you do within JP Morgan or Citi. Why don't they do that?

MR. ALLAIRE: Well, a couple things. I think the first is that, you know, stablecoin businesses, like USDC, are network businesses. So, if you think about – and, again, the internet gives us a lot of examples of this. So, we describe what we do as we run a stablecoin network. Why is it a network? Well, first of all, there's a bunch of software that enables people to connect to it, build on it, integrate to it. But networks have network effects. And so, you know, we've built something with very, very strong network effects. Every time someone decides, hey, I want to build an application on the internet that stores or moves dollars, I can just connect to USDC. I don't need to call Circle. I can just do it. And now my application has this functionality. And that application adds a million users. And now there's a million more users on the network. That increases the utility of the network and the network effects.

So, you have developer-driven flywheels that drive these really powerful network effects. And then you have what we call liquidity network effects, which is the availability of the actual digital currency in banking systems, in exchanges, in markets around the world. And we've been able to build very strong network effects.

MR. RUBENSTEIN: And you don't think somebody else could do the same thing, hiring some of your people? And why wouldn't a bank do that?

MR. ALLAIRE: I don't think this is just about hiring people. I think that building a platform franchise and a network franchise is very – is very hard. And it's also – I think this is important – is that, you know, what we do in some ways runs against the grain of what banks do. And so, I think there is sort of the innovator's dilemma here a little bit as well, for many traditional financial –

MR. RUBENSTEIN: Now, Congress passed the GENIUS Act. You wanted that passed, I presume? It helped you?

MR. ALLAIRE: Yes.

MR. RUBENSTEIN: And there's new legislation you're trying to get. What does the new legislation do?

MR. ALLAIRE: So, if you think about this whole area of digital assets, you have this first piece which people kind of thought of as the simpler piece, which is stablecoins. Which is really what is this new, you know, money, dollar money, euro money, kind of represented as digital currency? And a regulatory framework for who can issue that and how that's operated and how to supervise it? It's mostly, you know, bank regulators that are now supervising this, including us. And then there's a whole other part of this, which is people who issue tokens. And those could be tokens that are associated with a blockchain, or those could be tokens that are representing a stock, or tokens that represent other things. And it's markets, basically, the way

that markets are provided, how people sell tokens, issue tokens, trade tokens, whether those tokens are pure crypto things or traditional assets, and the rules for how that's all going to work.

So, it's sort of the distinction between banking and capital markets with the different distinct regulatory regimes. We're now working on – and when I say "we," the whole industry is working on the capital markets part of this, which is really important. It's a huge piece. And I think having a clear regulatory framework there, is very, very important. It will unlock a lot of innovation, unlock a lot of capital formation.

MR. RUBENSTEIN: The bill will pass, you think?

MR. ALLAIRE: I do think that – well, the CLARITY Act is the House bill, and there's market structure versions in the Banking and Ag Committees that are kind of merging together. I do think something will pass. There's a –

MR. RUBENSTEIN: If it's a good idea, obviously Congress is going to do it, right?

MR. ALLAIRE: [Laughs.] Yeah, for sure.

MR. RUBENSTEIN: OK, let me ask you, you obviously know technology quite well, but you're not trained as an engineer, right?

MR. ALLAIRE: No.

MR. RUBENSTEIN: So how did you pick this up? Usually engineers, or engineering kind of background people, or big math-type people do these things. How did you pick this up from political science?

MR. ALLAIRE: Yeah. I mean, and philosophy, too.

MR. RUBENSTEIN: Philosophy too. How did you do that?

MR. ALLAIRE: I mean, look, I'm – I've always been interested in this intersection of technology – software technology, internet software technology, and its application in the real world. And so, I just have found I just – I need to understand these things really, really deeply. And so that doesn't mean you would trust me to write software. You wouldn't. You know, but I need to know enough that I can work really closely with software architects, product designers, engineers, product leaders, and others to kind of connect, you know, what are the ideas for how this can be applied as a utility in the world, and the ultimate implementation. So, I have just found just studying the technology really closely is important. I mean, I was interested in technology from a very young age, so I had that exposure. But, you know, it's sort of that's the synthesis.

MR. RUBENSTEIN: If you sat down with Satya Nadella, the CEO of Microsoft, he wouldn't out-technology you in terms of his ability to talk about technology?

MR. ALLAIRE: He probably would.

MR. RUBENSTEIN: Really? OK.

MR. ALLAIRE: I think so.

MR. RUBENSTEIN: All right. So let me ask you, I want to know about the future because the future is where I want to invest. So, is artificial intelligence going to be good for society? And are people going to lose their jobs or are people going to get more jobs because of artificial intelligence?

MR. ALLAIRE: I mean, this seems to be like every dinner conversation that anyone ever goes to.

MR. RUBENSTEIN: Right? And what's your answer?

MR. ALLAIRE: So, it's a complex answer. I think it's very likely, in my view, that artificial intelligence is going to pretty dramatically disrupt the labor market as we know it today. And it's going to – you know, I think there's huge numbers of human labor jobs that will be replaced by AI.

MR. RUBENSTEIN: Not private equity, though.

MR. ALLAIRE: Never. [Laughter.]

MR. RUBENSTEIN: Never?

MR. ALLAIRE: Never, never. I do think that there's going to be a huge – a huge amount of displacement from AI. And at the same time – and this is, you know, what I tell all of my employees, we have a very aggressive AI adoption posture in our company. And what I've told, you know, every employee in the company is, you want to become really good at using these tools. It's sort of like when personal computers came out you could have chosen to learn how to use a spreadsheet or a word processor. Or when the internet came out, you could have chosen to, like, decide to figure out all this stuff. Like, these are choices that people make. And in their careers, they have to make these choices.

Now, not everyone has that opportunity, so I'm – obviously it's different, because I'm sort of shepherding this. But my view is that the capabilities that humans will have, and do have already through the application of AI, are extraordinary, and will continue to be extraordinary. And so human capital and AI labor are going to – are going to work closely together. And it's that orchestration of that that is going to be some of the highest value labor that's out there.

MR. RUBENSTEIN: Suppose somebody wants to make money investing in AI. Should they invest in Microsoft, or Alphabet, or a startup? Where's the best way to make money in AI?

MR. ALLAIRE: I am – I don't feel I'm qualified to answer that.

MR. RUBENSTEIN: Oh. Well, that doesn't stop people in Washington from doing anything. [Laughter.] All right. So, let me ask you about – what about quantum computing? Is that the next wave of the future? Is that going to happen? Is that good?

MR. ALLAIRE: So, I understand a little bit about quantum computing because it's obviously – so all of the fundamental infrastructure that we run on is built on cryptography. Crypto is cryptography. And it's applied cryptography. And it uses cryptography for security. It uses cryptography for kind of systems to prove data and other things. And so, cryptography, and the resilience of cryptography, is a really critical thing. And so, when people think about quantum, one of the first things they think about is breaking cryptography. And if you can break cryptography, then all bets are off, right? You can just pour into an energy grid, or you could take over banks, you could do whatever.

And so, as we build our systems we're studying what is – you know, what is quantum cryptography going to look like? What is quantum-resistant cryptography going to look like? And we're actively working on engineering and working in communities that are working on quantum-resistant tech. Now, when people sort of say, well, what's the – what's the time horizon on that, you hear a lot of different estimates on that. But I think we feel compelled that in 2026 and 2027, we need to have infrastructure that is quantum-ready, if you will, from a security perspective. So, I don't know what that means in terms of when it's available. Obviously, the implications are extraordinary in terms of this scale of compute, and what it could be applied in. And I think obviously, when you think about quantum in coordination with other technology things that we have going on, it's pretty interesting.

MR. RUBENSTEIN: Well, you obviously know technology well. So just – as an example, I'm usually what I call a last adopter. I'm still trying to use a BlackBerry, but nobody else wants to use them. [Laughter.] So, what do you use for technology? You have – how many computers do you have? Do you have iPads? How many smartphones you use? And how often do you spend your – how many hours a day do you spend looking at your screens?

MR. ALLAIRE: My screen time report generally – actually, I don't know. But – I'm joking. I use an iPhone. I use tablets. I use laptops. And I have a variety of those. And some that I will use strictly for personal reasons, and others for work.

MR. RUBENSTEIN: So, you should be worried about people hacking you.

MR. ALLAIRE: Absolutely.

MR. RUBENSTEIN: So, you have a pretty good antihacking system?

MR. ALLAIRE: We have a lot of cybersecurity, yeah.

MR. RUBENSTEIN: What do you do when you're not worried about technology? Do you – are you an athlete? Do you have any sports, any hobbies? You do anything on the outside? Or you just doing technology all the time?

MR. ALLAIRE: I mean, I try to be active. I like things like skiing and stuff like that. I love to travel with my family and spend time with my family.

MR. RUBENSTEIN: OK. And some of your family is here. Where's your wife? Your wife is right here, OK. And you have two of your sons here. Where are they? [Applause.] Your sons, where are they? Your sons there.

MR. ALLAIRE: At that middle table, there.

MR. RUBENSTEIN: All right. There they are, with a full set of hair, both of them, OK. [Laughter.] So, what do you want most people to leave here tonight knowing about Circle? That it's a great investment and it's going to go back to $290 a share? Or it's a risky investment and maybe they shouldn't be buying it? What do you want people to most take away from this about your company and about whether they should use your technology? And let me ask, how many people have used Circle technology here? How many people after tonight are going to use it? How many people fully understand what it does? OK. All right. So, what do you want people to take away from this evening? It's called a conversation about –

MR. ALLAIRE: Yeah. I mean, look, I think what – I would say a couple things. I think the first is that we're still in the very early days of this technology. And while the aggregate numbers sound really big, there's, you know, trillions of dollars of transactions, and all this stuff. We're really, really in the early days. And if you think about what Circle is trying to do, we are really – we're not just our stablecoin network. We're building a whole set of infrastructure, operating system infrastructure, platforms for developers, these monetary systems, and utilities to use all this.

And our view is that over the next 10 years there are going to be, just like we've had internet platform companies that came up for, say, communications or for digital media, or for selling products and services, or for mobile handsets and other things, we believe that over the next 10 years there are going to be very significant internet financial platform companies that are major utilities for the way the financial and economic system work. And we hope to be one of those. We're working on that.

MR. RUBENSTEIN: When you talk to members of Congress about what you do, how many of them understand what you're talking about?

MR. ALLAIRE: I think it's limited. No, it is. It's limited.

MR. RUBENSTEIN: All right. But that doesn't discourage you from talking to members?

MR. ALLAIRE: Well, here's the thing. A congressional member, and there may be some in the room here, has a huge amount that they have to think about. They do. I mean, they literally have every issue in their office every day. And so, for them to be experts – they may take an interest in certain things. So, there are absolutely congressional members that have taken a huge interest in this, and I can have very high-quality, in-depth conversations with. And there are others that they don't have it, they don't have the ability to. So, they rely on their caucus, and they rely on

their staff, and they rely on the agencies they work with, and they rely on third parties that are outside. Lots of third parties in the room here.

So, competency, knowledge, expertise is difficult on technology. I mean, this is a hard issue in D.C. generally is, like, the acceleration of technology so fast there's no way a member, a senator, other, can be expert unless they literally themselves came from that field. And even the people who came from the field, you know, by the time they're mature in their political life, they're so distant from it. So, I think that's an issue in American policymaking, for sure. Not unique to what we do, but more broadly.

MR. RUBENSTEIN: And the person who sold you, for 5 percent of your class A stock, the Circle name, what is that –

MR. ALLAIRE: They didn't get stock. They got –

MR. RUBENSTEIN: Oh, they didn't get stock.

MR. ALLAIRE: No, no, no. I didn't give away 5 percent of the stock.

MR. RUBENSTEIN: OK. All right.

MR. ALLAIRE: I paid a few hundred thousand dollars.

MR. RUBENSTEIN: Oh, that's – OK. I thought they were making –

MR. ALLAIRE: No, no, no. No, no.

MR. RUBENSTEIN: OK. All right. Look, you really have built a really incredible company. You've got a great background. I appreciate your coming here and explaining it to us. And I think I understand what you do now, OK? Thank you.

MR. ALLAIRE: Thank you, David. [Applause.]

MR. RUBENSTEIN: I have a gift for you. Hold on, let me give you a gift. OK. This is a historic map of the District of Columbia.

MR. ALLAIRE: Amazing.

Jeremy Allaire
Co-Founder, Chief Executive Officer, and Chairman
Circle

Jeremy is responsible for strategy, vision and operating execution at Circle. He brings more than two decades of experience building and leading global internet software platforms, including founder and CEO of Brightcove, technologist and entrepreneur in residence at General Catalyst, CTO of Macromedia, and co-founder and CTO of Allaire Corporation.